

INVENTOR: McBride et al
TITLE: MEDICAL TESTING AND METHOD

attorney docket: CARDIOBEAT-1

EXHIBIT 1

GMcBride/cardiobeat.com

From: George McBride
Sent: Friday, July 09, 1999 13:27
To: 'bob@softque.com'
Subject: FW: Executive Summary - Cardiac Technology Business Plan

Bob,

The following Executive Summary was sent to Mike Buchanan for his comments. Larry and I would like your reaction and comments as a "fresh" reader. When you work on a document extensively the substance becomes familiar and objectivity is lost. Any comments to improve clarity would be appreciated.

The purpose of the summary is to sell the idea and convey the scope. Details (how this will happen) will be integrated into the business plan. We expect that you will be frustrated by the broad sweep of the summary. Even with that, will it sell the concept?

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—Original Message—

From: George McBride
Sent: July 09, 1999 13:18
To: J. Michael Buchanan (E-mail)
Cc: Larry Macdonald (E-mail)
Subject: Executive Summary - Cardiac Technology Business Plan

Mike,

Please comment on this executive summary. Does it tell the story?

Lets talk about how to proceed and how quickly we can move. The funding requirement is based on having a product available in 6 months with full deployment in a year.

Thanks again for the hospitality.

Draft Executive Summary.

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Executive Summary

About Cardiac Technology

Cardiac Technology (CT) has developed and is selling non-invasive diagnostic systems. The first product is Hemodynamic Monitoring (HD) a procedure that replaces invasive heart catheterization providing information on stroke volume, cardiac output, systemic resistance, and cardiac function indices. The Portable Cardiac Lab (PCL), the current product, is sold to hospitals, private physicians, and emergency technicians to obtain patient cardiovascular information utilizing a noninvasive procedure at very low cost. The proprietary software that performs HD is the most advanced analytical software of its kind.

Market Opportunity

58 million Americans afflicted with heart disease spend \$259 billion each year on treatment. The international market is over twice the size of the US. Ever increasing medical care costs demand cost effective treatment programs like HD. The incidence of heart disease increases as life expectancy increases, such as, congestive heart failure and strokes. Hemodynamic parameters are critical in assessing cardiac function. Yet these parameters are currently difficult and expensive to obtain. Currently the preferred method of obtaining this information is invasive catheterization, which is expensive and life threatening.

HD can be sold to the consumer through an Internet implementation at a greatly reduced cost. The testing logic will be downloaded for each test. The data collection sensors can be connected into any PC with a serial port (or USB). HD software will be downloaded for each test on a fee basis. Test results will be stored in a database for use by physicians and others. The cost of the sensors can be reduced to less than [REDACTED] for the consumer market. Pricing a single HD procedure at [REDACTED] versus 9% [REDACTED] for a catheterization will expand the market to anyone in need.

HD will establish a channel for distribution of other tests and procedures, such as, stress and blood pressure tests. The FDA has approved HD for Cardio Dynamics, a competitor, along with Medicare reimbursement qualification. CT has not submitted an application for approval. Based on the Cardio Dynamics approval, CT expects that approval, when requested, will be forthcoming.

Testing over the Internet

As the cost of health care rises individuals are taking a greater role in their medical care for both preventive and remedial medicine. HD offers direct access to a key cardiovascular test for a small cost. Home testing is testing on demand for those with heart disease that require regular monitoring. Immediate access to key tests and equally rapid transfer of the results to the care group will become an essential part of quality treatment in the future.

Establishing this channel will provide for distributing other medical and health products. HD will be the first of many procedures sold over the Internet. Establishing this test will position the Cardiac Technology as a primary channel for medical care through the Internet.

Time to market

Rapid deployment is critical to dominating the market. The HD technology is state of art, tested, and complete. The Internet deployment capability must be completed for general deployment. CT plans to begin field-testing several hundred users in three months with larger tests in six months. Broad deployment would begin in 12 months.

Pricing and Revenue

The average cost per test is [REDACTED]. If each of the 60 million Americans afflicted with heart disease used HD once each year, the revenues would be [REDACTED]. CT expects HD will be used address a broad range of cardiac concerns from health interest to intensive care.

The channel developed for distributing HD can be used for advertising and distribution of related products and services.

Funding & Financial Summary

Need for Funding

CT is seeking [REDACTED] in funding to deliver the PCL Test through the Internet.

Funding is required to

- develop the Internet delivery system,
- upgrade the diagnostic code,
- construct the administrative and customer management systems,
- build the database to hold the test data, and
- reduce the cost of the sensors.

Pro Forma Financials

Cost have been forecast for the first year only

Revenue and Costs are outlined in section ?? of the Business Plan

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Average Revenue per Test	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Number of Tests	101,000	2,000,000	10,000,000	20,000,000	30,000,000
Revenue	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]	\$[REDACTED]
Coats					
Headcount	\$[REDACTED]				
Startup	\$[REDACTED]				
Manufacturing	\$[REDACTED]				
Total Costs	\$[REDACTED]				
Net Profit Margin	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Profit	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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